

ATTACHMENT F

Ameritech Illinois
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Chicago, IL 60606
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Christy L. Strawman
Vice President
Regulatory



May 14, 2001

Ms. Debi Barr-Holquist
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, IL 62701

Dear Debi:

I am writing to respond to your letter of May 1, 2001, regarding the request of MCI WorldCom ("MCI") for mediation of a dispute regarding the implementation of an electronic letter of authorization ("ELOA") process for lifting preferred carrier ("PC") freezes. In that process, a third-party agent would forward a recorded message from the customer to the local exchange carrier ("LEC") administering the PC freeze. Ameritech Illinois declines to participate in mediating this issue because MCI has raised no issues that would appropriately be addressed through mediation. This is true for several reasons.

First, Ameritech Illinois believes that MCI's proposal is contrary to the FCC's rules and orders governing the administration of PC freezes. See, e.g., 47 CFR § 64.1190(e); Third Report and Order and Second Order on Reconsideration, Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996, CC Dkt. 94-129, ¶¶ 69-71 (Aug. 15, 2000); Second Report and Order and Further Notice of Proposed Rulemaking, Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996, CC Dkt. 94-129, ¶¶ 127-32 (Dec. 23, 1998). The FCC requires that a customer's decision to lift a PC freeze to be conveyed directly by the customer to the LEC administering the PC freeze. The FCC's rules provide two means of lifting a PC freeze: the customer's signed, written authorization and the customer's oral authorization. "When engaged in oral authorization to lift a preferred carrier freeze, the carrier administering the freeze shall confirm appropriate verification data (*e.g.*, the subscriber's date of birth or social security number) and the subscriber's intent to lift the particular freeze." 47 CFR § 64.119(e)(2).

MCI views its proposal as being equivalent to direct contact between the customer and the LEC. In a recent *ex parte* presentation to the FCC, MCI recognized that multiple LECs had expressed the concern that the MCI proposal violated the FCC's rules. MCI responded to those concerns as follows:

Our proposal, however, does not conflict with the language or rational [sic] of the above-mentioned Commission orders. Under our proposal consumers communicate to the local exchange carrier itself, via an electronic means, their intent to lift a freeze, as is consistent with the federal rules. Neither the acquiring carrier or the third party is communicating the consumer's desire or submitting an order to lift the freeze on behalf of the consumer. In fact, the carrier does not send anything to the local exchange carrier during this process. The local exchange carrier is receiving the customer's *actual authorization*, whereby the customer directly authorizes the local exchange carrier to lift the freeze and switch his or her carrier. The third party's role in the process is to provide consumers an electronic means to communicate their intent to their local exchange carrier receives the authorization itself, it does not have to rely on the veracity of another party as to the existence of the authorization. Therefore the intended protection of a freeze is preserved.

MCI Ex Parte, Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996, CC Dkt. 94-129 (April 9, 2001) (Attachment 1).

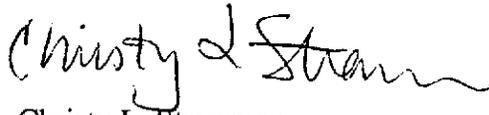
Ameritech Illinois disagrees. While MCI's proposal does not require Ameritech Illinois to rely on a third party's veracity regarding the existence of the authorization, it would be required to rely on the third party's veracity regarding the authenticity of the authorization, the type and validity of the verification data, and the customer's intent. The FCC's rules require that Ameritech Illinois "shall confirm" that information. 47 CFR § 64.1190(e)(2). However, the necessary information cannot be confirmed without direct contact with the customer. For example, the FCC explained in its Second Report and Order (§ 129), "We expect that the LEC administering the preferred carrier freeze program will have the opportunity to ask reasonable questions designed to determine the identity of the subscriber during an oral authorization, such as a three-way call, to lift a freeze." Obviously, under MCI's proposal, the LEC will not have an opportunity to ask the customer any verifying questions.

Ameritech Illinois is also concerned that MCI's proposal might impose certain liabilities and responsibilities on the LEC administering the PC freeze which would be inconsistent with the LEC's normal role as an "executing carrier." This, too, would be contrary to the FCC's policies governing carrier changes and PC freezes. (See Attachment 2).

Second, aside from the merits, MCI has already taken its proposal to the FCC, and the FCC should address it. The FCC, not the Commission, should decide whether MCI's ELOA process sufficiently protects consumers' rights, whether it is consistent with the FCC's existing rules (or whether those rules should be changed), and whether it is otherwise appropriate and consistent with Section 258 of the Telecommunications Act of 1996. Similarly, the FCC, not the Commission, should determine how the responsibilities and potential liabilities associated with the ELOA should be apportioned.

Third, even if the Commission were to address MCI's request, the administration of PC freezes is an industry-wide issue. Such an issue should be addressed in a rulemaking or other generic process designed to elicit input from all interested parties. It should not be resolved in a bilateral mediation.

Sincerely,

A handwritten signature in cursive script that reads "Christy L. Strawman".

Christy L. Strawman
Vice President
Regulatory

CLS:slh

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ORIGINAL

EX PARTE OR LATE FILED
Karen T. Reidy
Associate Counsel
Federal Law and Public Policy

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Washington, DC 20006
202 887 2380
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ORIGINAL

RECEIVED

APR 9 2001

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

April 9, 2001

EX PARTE

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
Office of the Secretary - Room TWB-204
445 Twelfth Street, SW
Washington, DC 20554

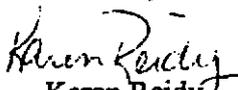
Re: CC Docket No. 94-129

Dear Ms. Salas:

On April 9, 2001 the attached letter was sent to Michele Walter, Associate Chief, Accounting Policy Division, Common Carrier Bureau, Federal Communications Commission. Please include this letter in the record of the above-referenced proceeding.

In accordance with Commission rules, 47 C.F.R. § 1.1206, two copies of this letter are being filed with your office.

Sincerely,


Karen Reidy

Attachment

cc: M. Walters

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APR 9 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Karen T. Reidy
Associate Counsel
Federal Law and Public Policy

1801 Pennsylvania Avenue, NW
Washington, DC 20006
202 887 2380
Vnet 220 2380

April 9, 2001

EX PARTE

Michele Walters
Associate Chief, Accounting Policy Division
Common Carrier Bureau
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: In the Matter of Implementation of the Subscriber Carrier Selection Changes
Provisions of the Telecommunications Act of 1996, Policies and Rules Concerning
Unauthorized Changes of Consumers Long Distance Carriers, CC Docket No. 94-129

Dear Ms. Walters:

As we previously discussed with you and others on the Commission's staff, see attached December 19, 2000 *ex parte*, MCI WorldCom has developed a process that uses innovative technology to allow consumers to conveniently communicate with their local exchange carrier for the purpose of lifting carrier freezes and changing carriers. It will accomplish this without diminishing the additional protection a freeze is intended to offer against unauthorized carrier conversions. As we mentioned, MCI WorldCom has found that a large number of customers have ordered service from us without realizing they have a freeze on their account or that they need to request the freeze be lifted prior to ordering service from a new carrier. This results in significant consumer aggravation and inconvenience when their request for service is denied.

Our remedy, as you may recall, is a process whereby, if the customer agrees, a voice recording of the customer specifically authorizing the local exchange carrier to lift the freeze would be automatically captured by an independent third party in a .wav file. If there is a freeze on a particular customer's account, the local exchange carrier will receive the .wav file with that customer's authorization to lift the freeze either through e-mail or via a web site. This adheres to the Commission's encouragement, resulting from the recognition that preferred carrier freezes pose barriers to consumers' ability to change carriers, that carriers develop innovative, yet protective, means for customers to communicate their intent to lift a preferred carrier freeze that would minimize the burden on customers. It was also developed in anticipation of the effectiveness of the Commission's modifications to the authorization and verification rules which specifically contemplate the use of electronic authorizations for changes in carriers and the lifting and requesting of carrier freezes.

As an update, we want to inform you that we have begun the testing process with another carrier. Once this testing has reached an informative point we would like to meet again with you to discuss the progress. Some local exchange carriers, however, have

expressed concern that our proposal may conflict with federal law regarding the lifting of preferred carrier freezes. In particular their concern seems to focus on the Commission's *Section 258 Order*, which declined to allow third-party verification of a carrier change to override a preferred carrier freeze. In a subsequent order, its *Second Order on Reconsideration*, the Commission also declined to permit local exchange carriers to accept a lift freeze order from a carrier, submitting the order on behalf of the customer, even if authorization to do so was first verified by a neutral third party. The Commission's reasoning was that to permit carrier submission of lift freeze orders would render the freeze mechanism ineffective in providing any additional protection against unauthorized carrier changes. The local carrier would still be relying on the veracity of the acquiring carrier that proper authorization was obtained from the customer.

Our proposal, however, does not conflict with the language or rationale of the above-mentioned Commission orders. Under our proposal consumers communicate to the local exchange carrier itself, via an electronic means, their intent to lift a freeze, as is consistent with the federal rules. Neither the acquiring carrier or the third party is communicating the consumer's desire or submitting an order to lift the freeze on behalf of the consumer. In fact, the carrier does not send anything to the local exchange carrier during this process. The local exchange carrier is receiving the customer's *actual authorization*, whereby the customer directly authorizes the local exchange carrier to lift the freeze and switch his or her carrier. The third party's role in the process is to provide consumers an electronic means to communicate their intent to their local exchange carrier, not verification that authorization occurred. Since the local exchange carrier receives the authorization itself, it does not have to rely on the veracity of another party as to the existence of the authorization. Therefore the intended protection of a freeze is preserved.

We look forward to further discussions with the Commission on this process once our initial testing is completed.

Sincerely,


Karen T. Reidy

Attachment

cc: Dana Walton-Bradford
Will Cox

MCI WORLD COM

ORIGINAL

1801 Pennsylvania Avenue, NW
Washington, DC 20006

ORIGINAL

December 19, 2000

DOCKET FILE COPY DUPLICATE

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EX PARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

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DEC 19 2000

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

CC Docket No. 94-129

Dear Ms. Salas:

On December 18, 2000, Karen Reidy, Maggie Cannistraro, Matt Pachman, and I of WorldCom met with Michele Walters, Dana Bradford, and Will Cox of the Common Carrier Bureau's Accounting Policy Division. We discussed an electronic LOA mechanism for the lifting of PIC freezes. The attached document, which was distributed at the meeting, contains the details of our discussion.

In accordance with section 1.1206(b) of the Commission's rules, 47 C.F.R. § 1.1206(b), an original and one copy of this memorandum and attachment are being filed with your office.

Sincerely,



Lori Wright
Senior Manager, Regulatory Affairs

cc: Michele Walters
Dana Bradford
Will Cox

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ELECTRONIC LOA

Providing Consumers New Choices

December 18, 2000

Electronic LOA Solution Will Increase Customer Control

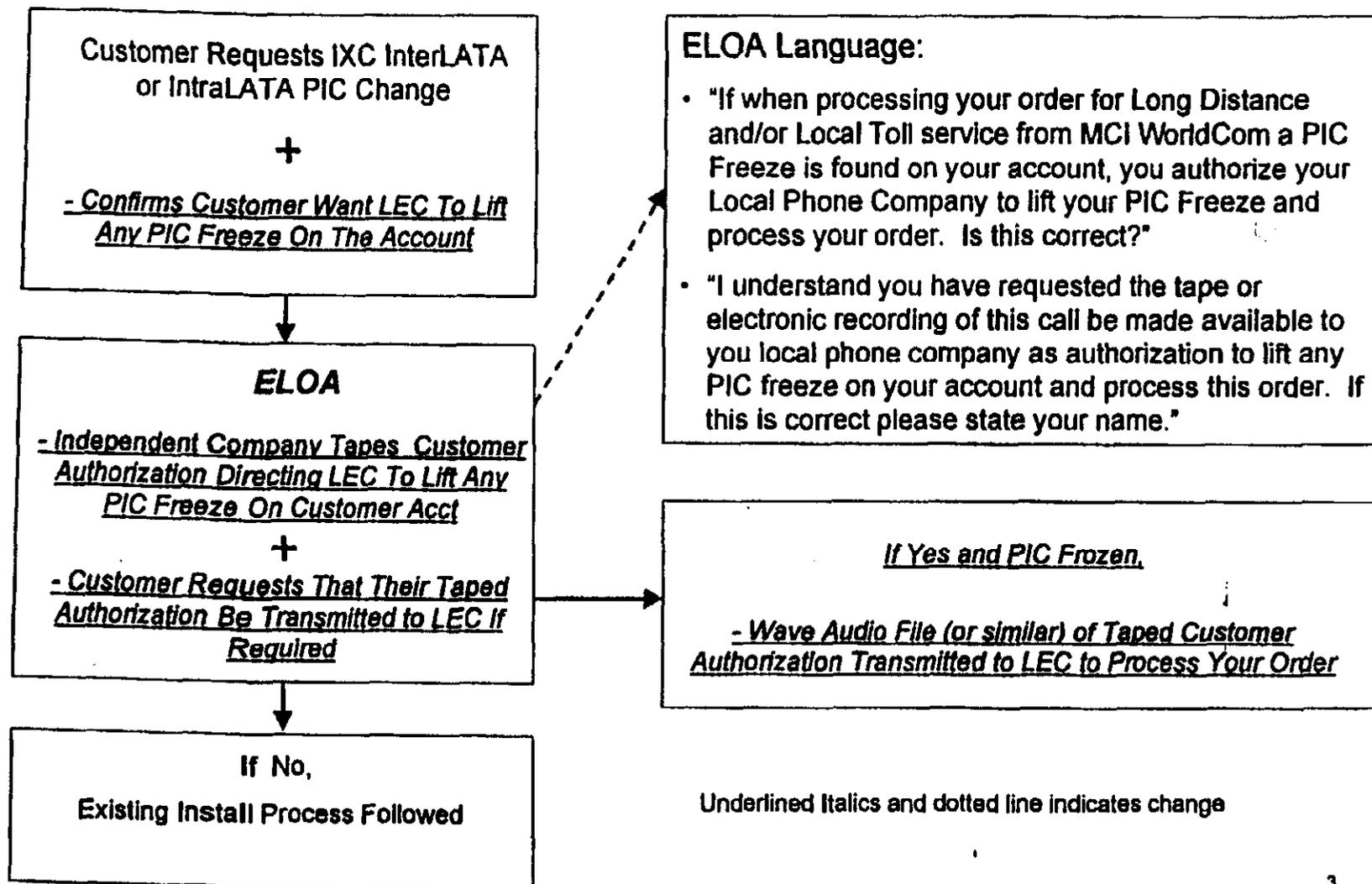
- **Electronic communications currently are recognized for online and email carrier change requests**

- **Electronic LOA uses new technology to further expand customer's control of carrier change process**
 - **Customer instructs independent company to transmit or make available their taped voice authorization (Electronic LOA) to lift their PIC Freeze and process their order**

 - **Implementation Options Following PIC Freeze Reject**
 1. **Customers taped 'Electronic LOA' transmitted to LEC via independent company;**
 2. **Indicator added to CARE re-transmittal indicating 'Electronic LOA' available for review/audit**

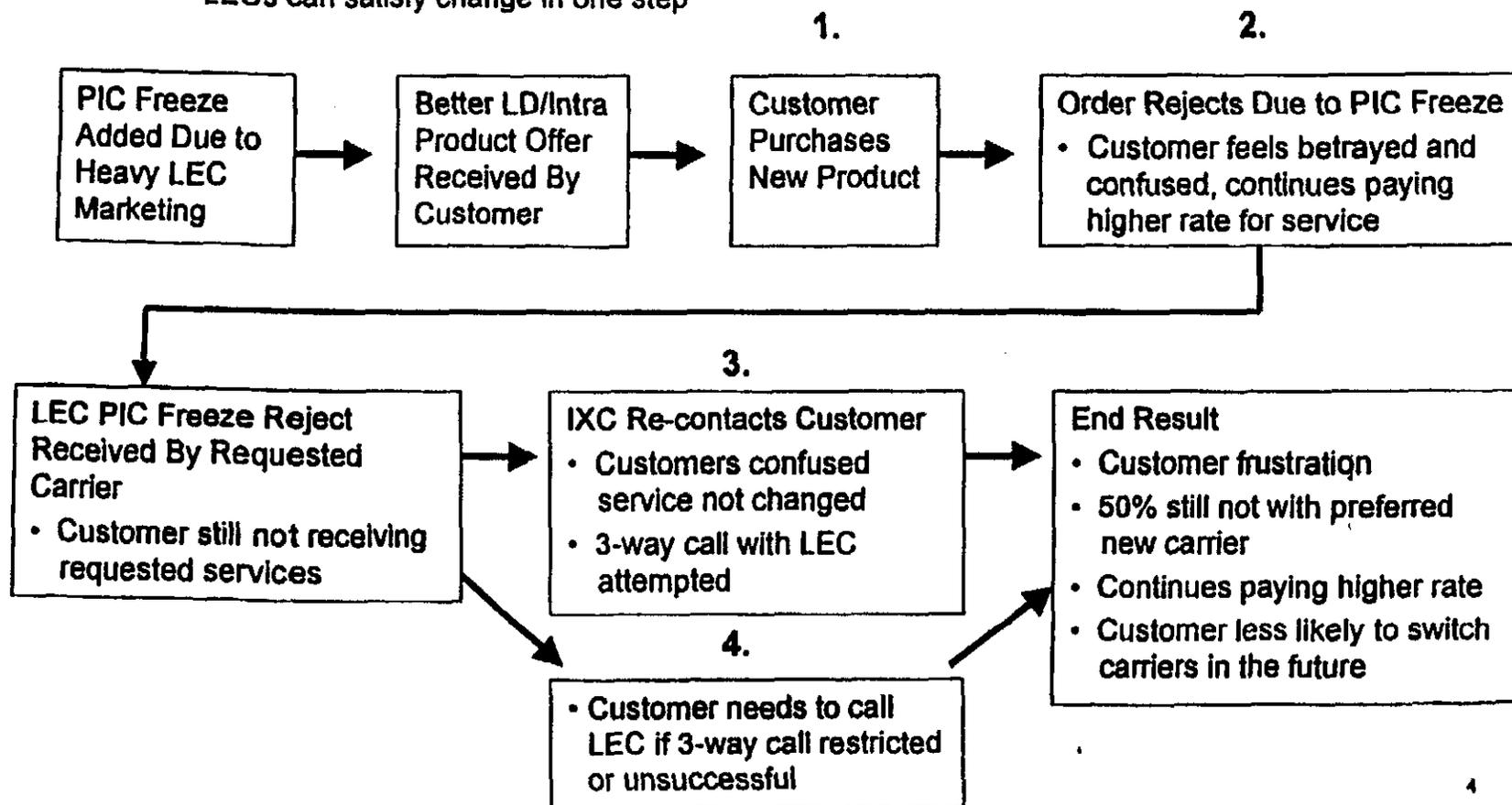
- **Proposal operates under existing federal rules**

Electronic LOA Sales Incorporate Required Components Present in Written Form



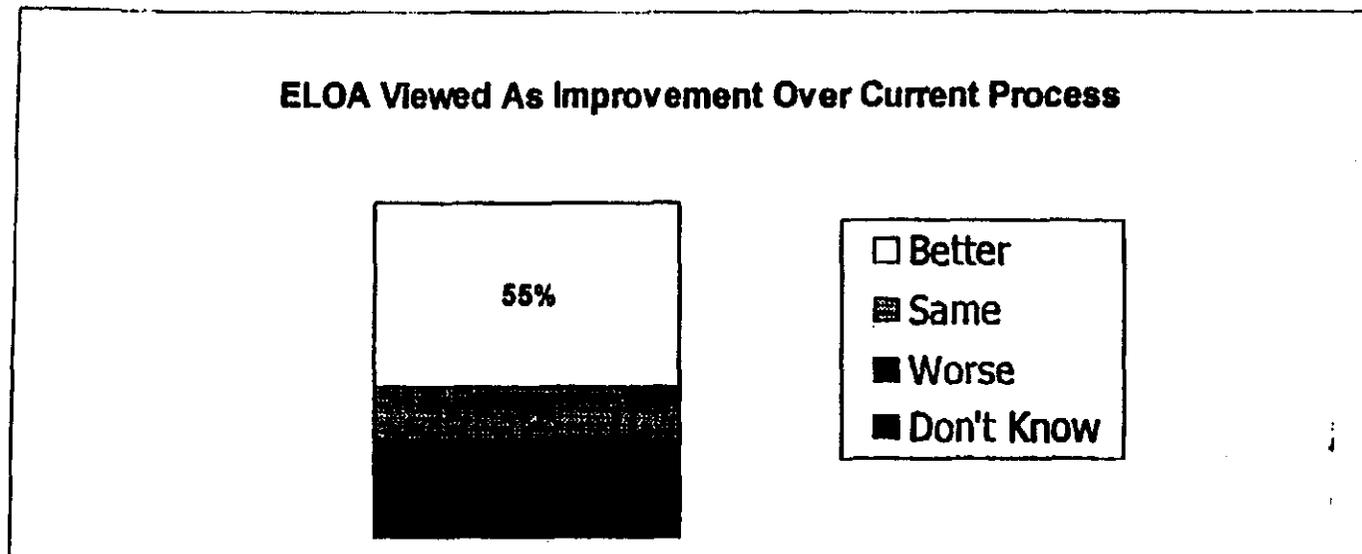
LEC Control And Abuse Of PIC Freeze Obstructs Consumer Choice

- Prevents provisioning of 50% of all customers with PIC Freezes
 - Delays consumer choice by an average of 3 weeks for the remaining 50%
- Current process requires up to 4 steps for customers to receive requested IXC service
 - LECs can satisfy change in one step



Over Half Believe New Process Is Better

- 7 in 10 believe process same or better



MCI WorldCom PIC Freeze Research: 891 telephone interviews among recent PIC Freeze rejects, conducted by Data Development Corporation October 2000

Ameritech Leads The Nation For PIC Freeze Rejects Through Aggressive Marketing

<u>LEC</u>	<u>Jan-00</u>	<u>Feb-00</u>	<u>Mar-00</u>	<u>Apr-00</u>	<u>May-00</u>	<u>Jun-00</u>	<u>Jul-00</u>	<u>Aug-00</u>	<u>Sep-00</u>
Ameritech / Illinois	28%	29%	33%	34%	33%	32%	32%	31%	31%
Ameritech / Indiana	27%	29%	33%	30%	29%	29%	30%	27%	27%
Ameritech / Michigan *	5%	6%	7%	8%	8%	8%	8%	8%	7%
Ameritech / Ohio	14%	15%	18%	19%	18%	18%	18%	18%	17%
Ameritech / Wisconsin	25%	29%	29%	29%	28%	26%	29%	25%	25%
National Average (excl AIT)	7%	7%	8%	7%	7%	8%	7%	8%	8%

* Ameritech-Michigan eliminated PIC Freeze May98. Enrollment not re-launched by AIT until Sept99.

LECs Dominate Customer Interaction

<u>LECs</u>	<u>Customer Interaction</u>	<u>IXCs</u>
<input checked="" type="checkbox"/>	Execute PIC Changes	X
<input checked="" type="checkbox"/>	Administer PIC Freezes	X
<input checked="" type="checkbox"/>	Access to Real Time PIC Freeze Information	X
<input checked="" type="checkbox"/>	Disconnect Service (De-PIC)	X
<input checked="" type="checkbox"/>	Compete for InterLATA and/or IntraLATA Customers (Approved Areas)	<input checked="" type="checkbox"/>

Summary and Next Steps

- Process needs to allow customer expectations to be fulfilled, while fully honoring PIC Freeze
- ELOA authorizes LECs to process customer PIC requests
- After initial positive response, SBC turned down the ELOA proposal based on liability concerns
 - MCI WorldCom currently escalating within SBC
- Continue to work with Illinois Commission Staff on a trial during 1Q01